



Management Reform

Memorandum #10

Update to DRO

October 23, 1998

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Process Action Team
Leader
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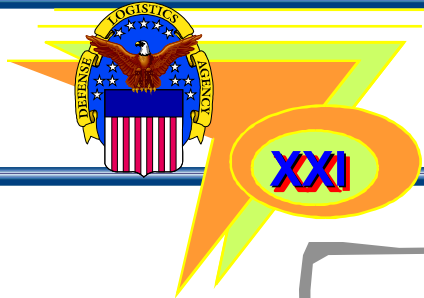
MRM #10

TASK: Perform a comprehensive reassessment of current source acceptance policies and procedures.

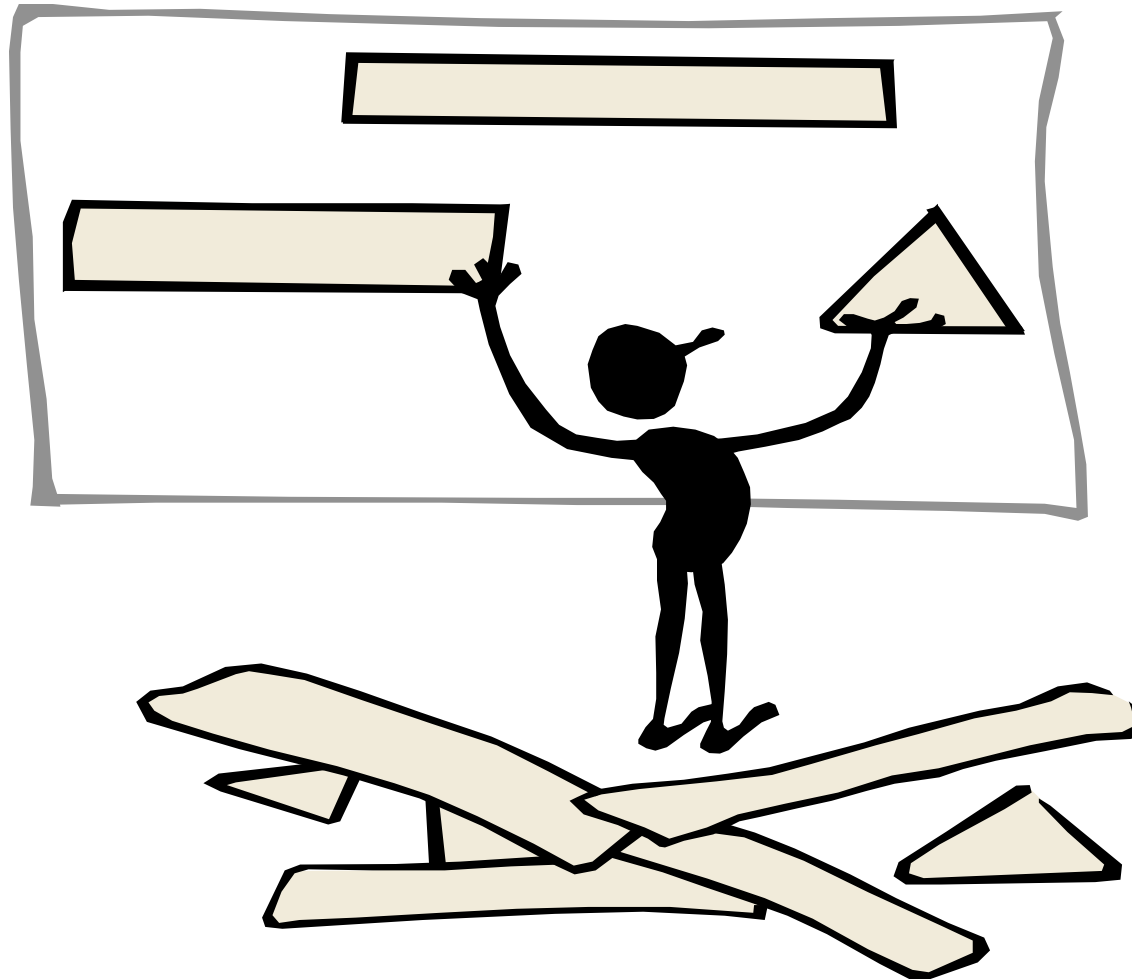
OBJECTIVE:

➤ Identify and eliminate policies and procedures that lead to the performance of unnecessary source inspection.

□ Develop alternative methods of



The Plan





MRM #10

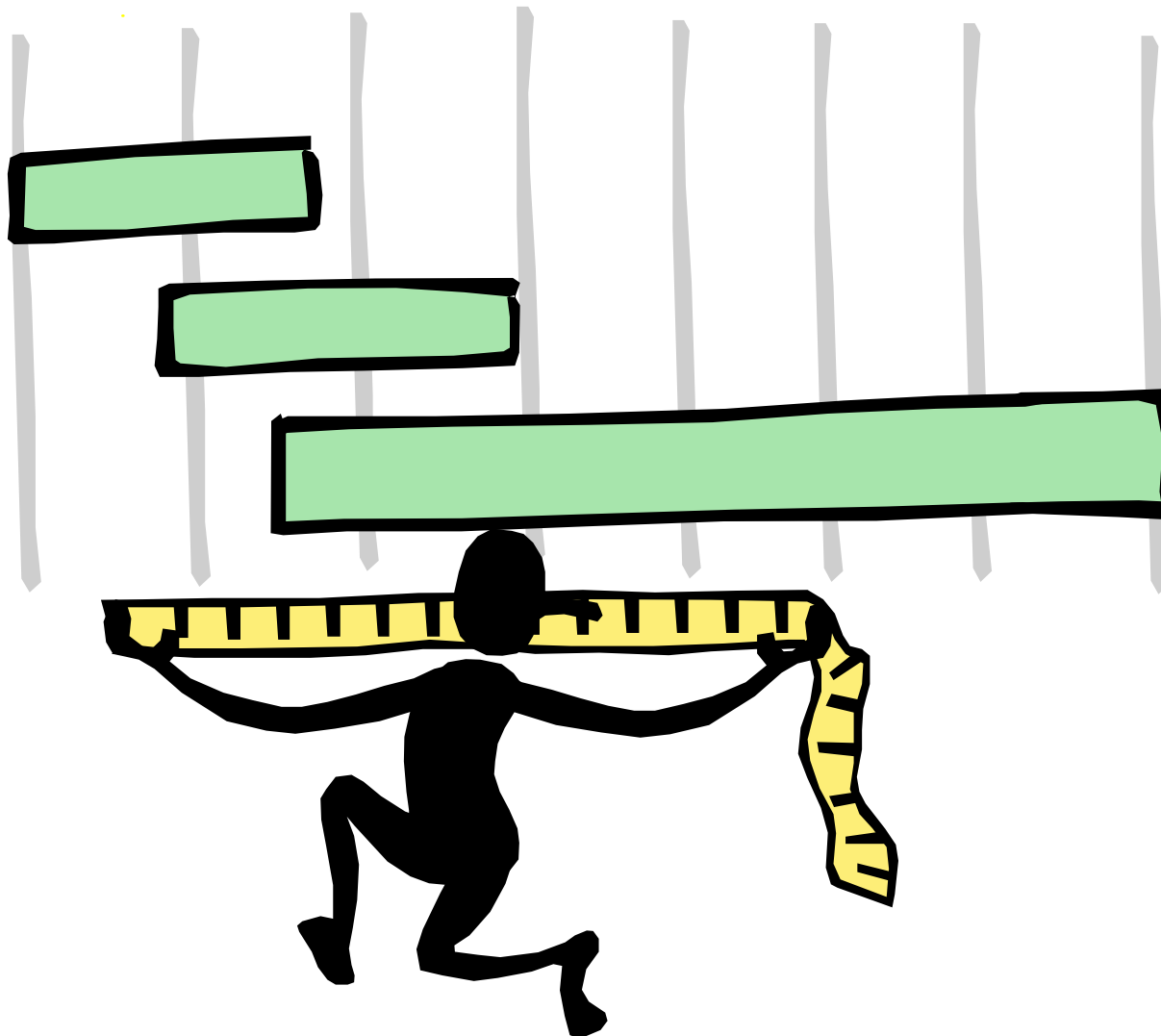
Goals

- Establish Team May 8, 1997
- Recommend Change to FAR July 15, 1997
- Brief Major Acquisition Offices August 1997
- Share Ideas September 30, 1997
- Review Policies and Procedures October 31, 1997
- Six Month Consultant Study March 31, 1998
 - Review Results and Plan Actions April 30, 1998
- New Items Not “Over-Coded” March 31, 1998
- Review Source Inspected NSNs Through March 31, 1999
- Reducing DCMC Engagement On Going
- Team Report May 31, 1999

Develop Methodology to Institutionalize

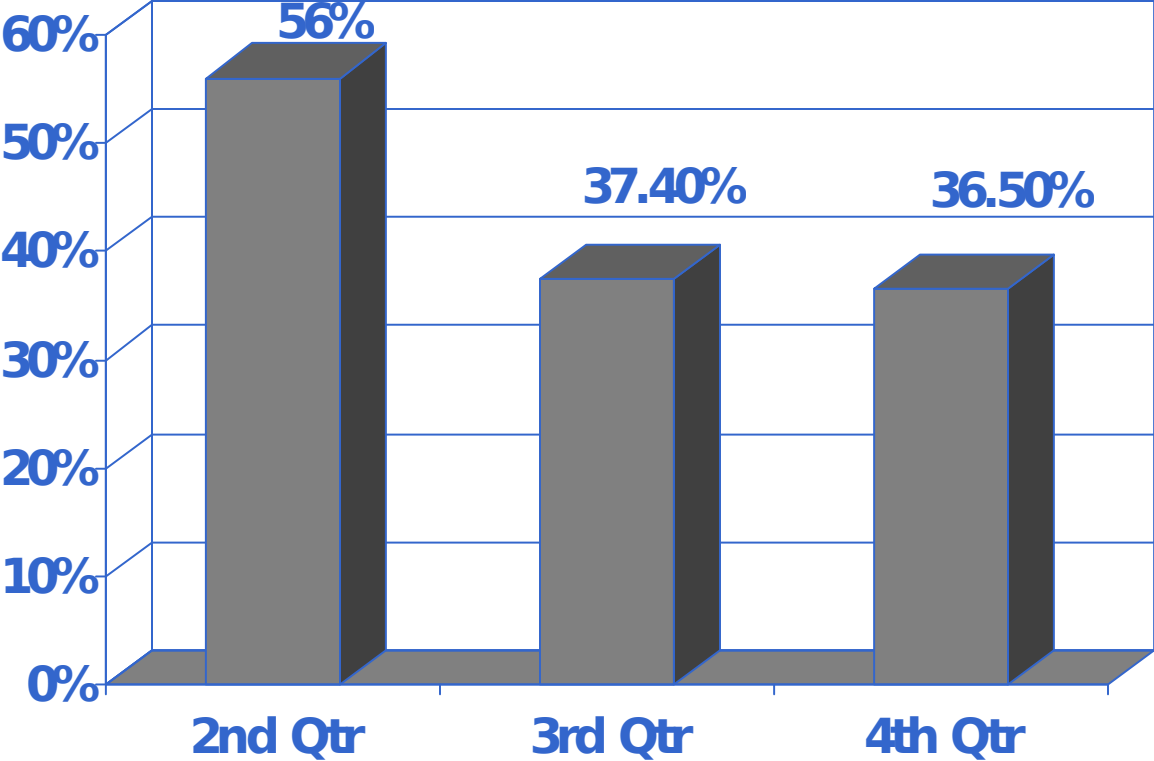


Metrics - Results





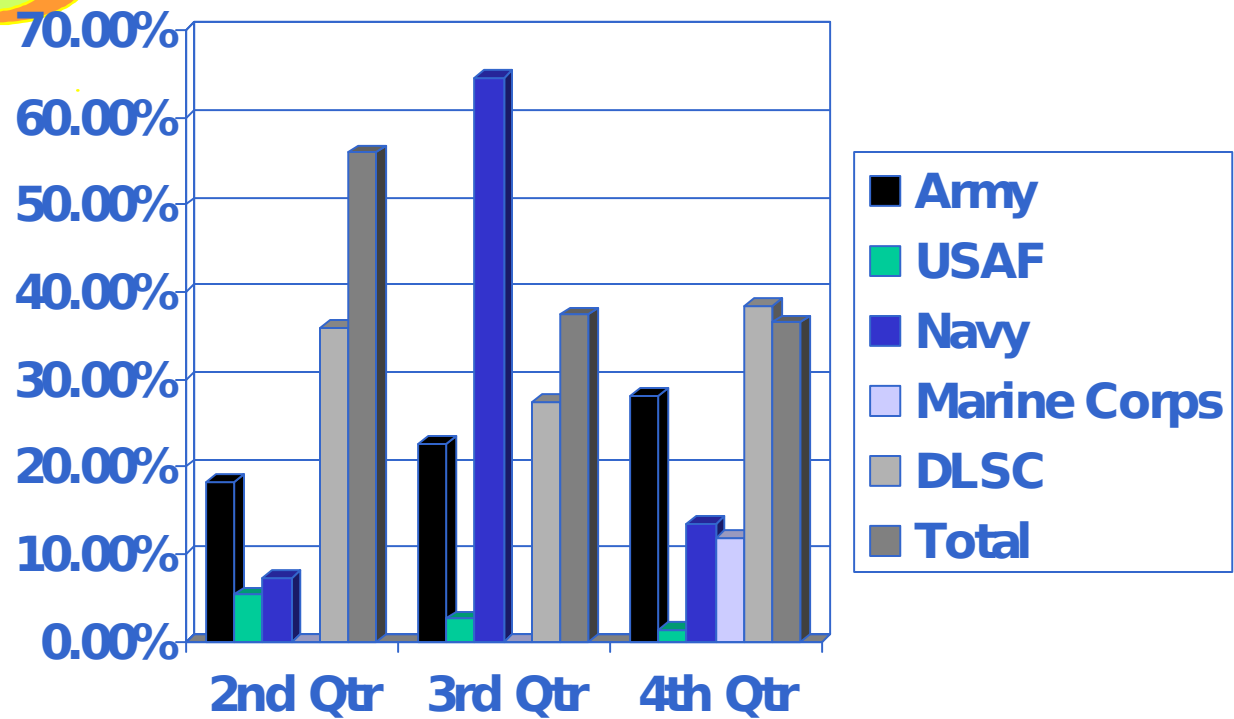
End of Quarter Item Review Status Through September 30, 1998



71,205	277,896
36,273	



Item Review Status Update Through September 30, 1998



FY 98 2nd, 3rd & 4th QTR Total Numbers

	Army	USAF	Navy	Marines	DLA	TOTAL
# Reviewed	8,612	8,172	23,782	61	344,747	385,374
# Removed GSI		2,099	240	5,615	6	132,600
140,560						
% Removed GSI	24.4	2.9	23.6	9.8	38.5	
36.5						



Program Results: MRM #10

Redesign DoD Source

Acceptance

**Barriers
Removed - FAR
Changed**

**Contract Writing
Systems - Changed**

**Streamlined
Processes -
Guides/Manuals
Updated**

**Reduction of
Administrative
Lead-Time**

Developed Decision Guide

**Communication
-
Quarterly
Reports**

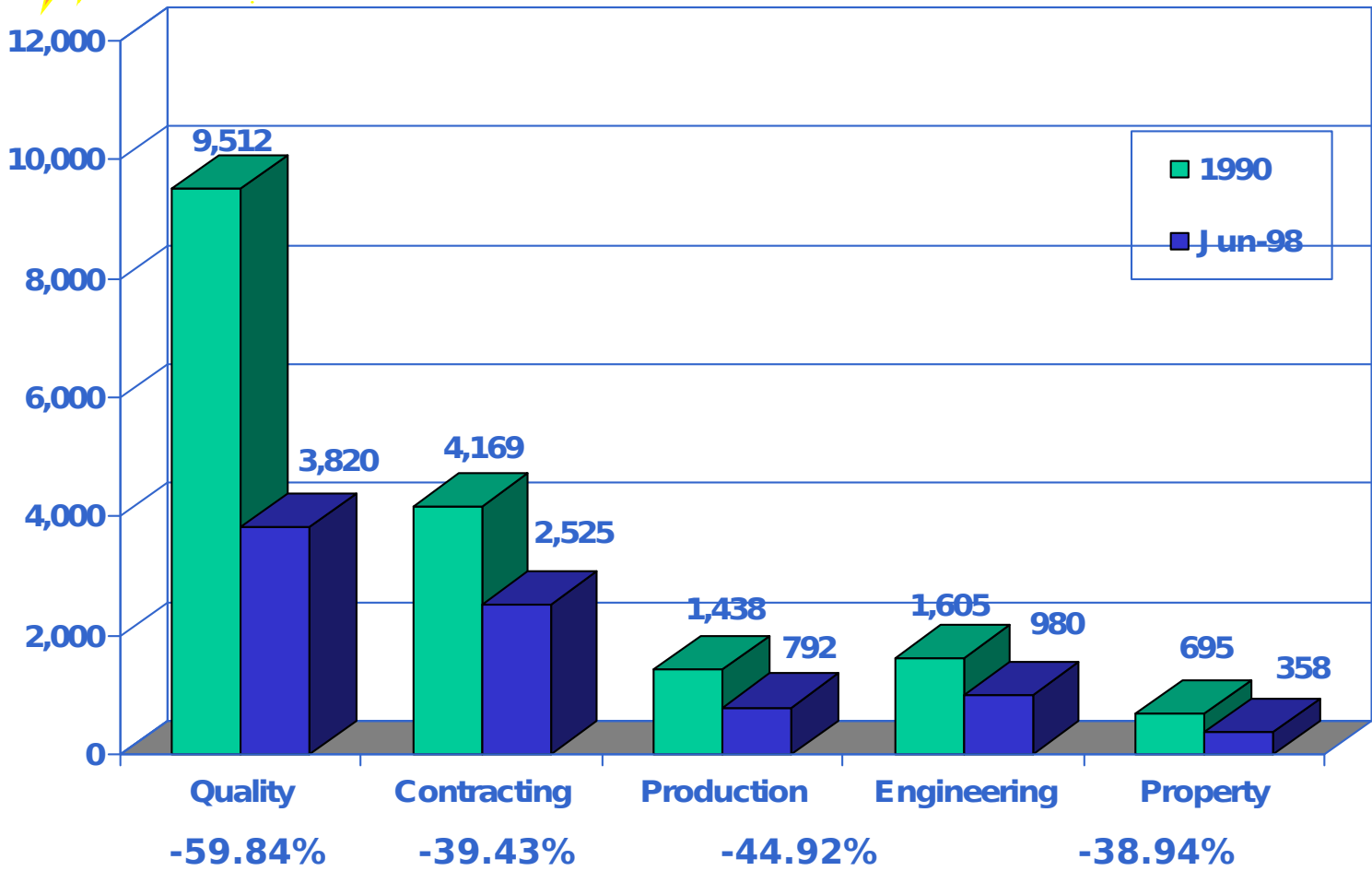


DCMC In-plant QA

- Documented surveillance plan
 - Risk-classify processes
 - Identify key/critical processes -Mitigate risk
 - Analyze data, adjust surveillance plan
- Excellent contractor control
 - Certificate of Conformance (CoC)
 - Alternate release procedures (ARP)
 - Contractor Self-Oversight (CSO) [Property, Production, QA]



Workforce Skills Reduction





Examples of DCMC Staffing & DoD Sales Reductions at DoD Contractors' Facilities

CONTRACTOR	<i>Reductions Since FY90 to FY97</i>	
	DCMC Staffing	DoD Sales
<i>BOEING COMPANY</i>	<i>-39%</i>	<i>-17%</i>
<i>GENERAL DYNAMICS</i>	<i>-68%</i>	<i>-68%</i>
<i>HUGHES AIRCRAFT COMPANY</i>	<i>-40%</i>	<i>-40%</i>
<i>LOCKHEED MARTIN CORPORATION</i>	<i>-39%</i>	<i>-13%</i>
<i>NORTHROP GRUMMAN CORPORATION (CA)</i>	<i>-44%</i>	<i>-28%</i>
<i>TEXAS INSTRUMENTS (TX)</i>	<i>-57%</i>	<i>-21%</i>
<i>TEXTRON, INC.</i>	<i>-75%</i>	<i>-65%</i>
NOTE:		
*Rockwell and McDonnell Douglas merged w/Boeing during FY97.		

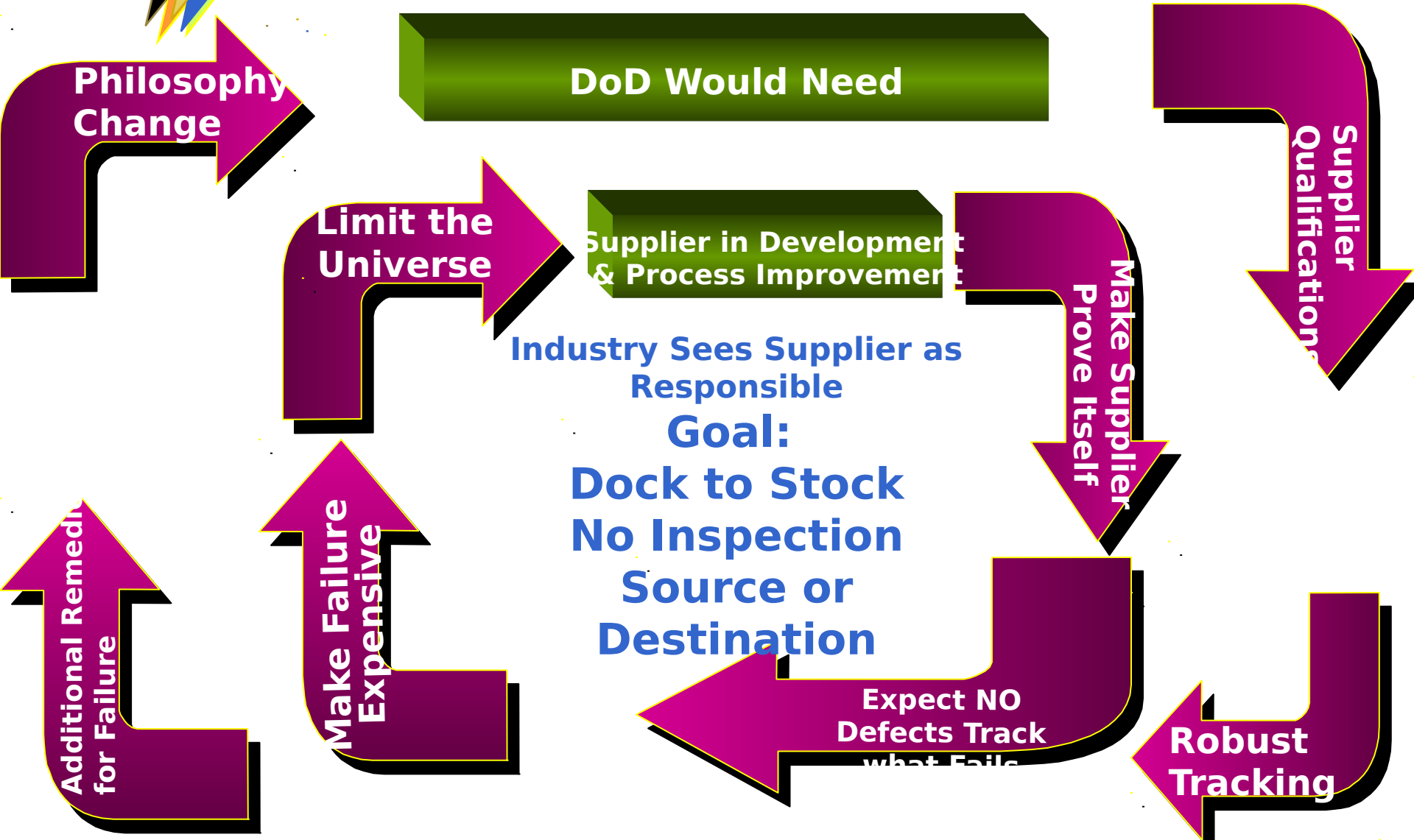


The Future

- Fewer Contracts Requiring Source Inspection
- More FAR Part 12, Commercial Contracts No/Reduced Surveillance
- More Performance Based Contracts
 - Culminating Events vs. Whole Process



New DoD - Supplier Excellence



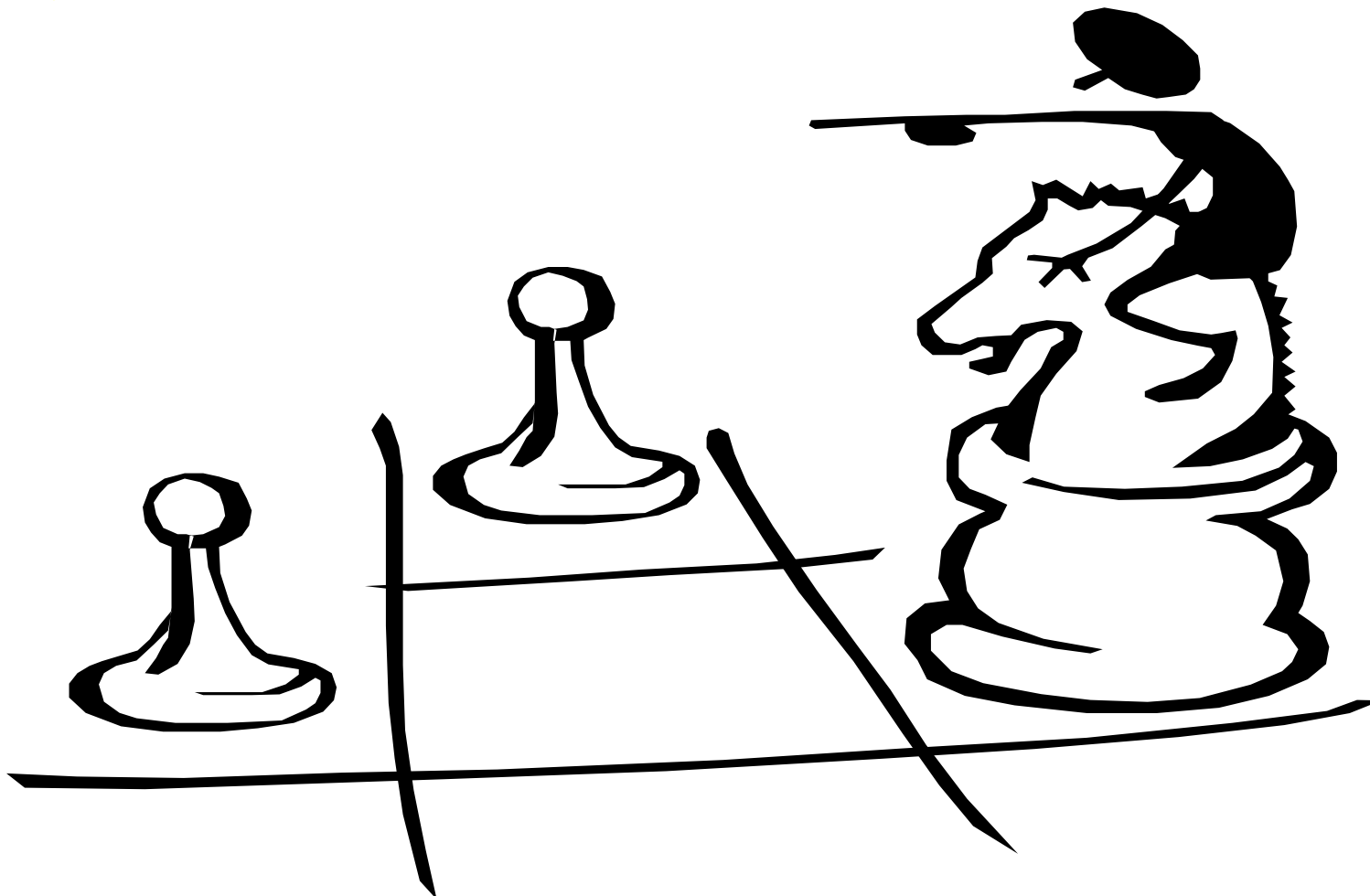


Communication

- **Quarterly Status Reports**
- **Numerous Briefings**
- **Information Memos**
- **DCMC Top Ten Challenge**
- **POC Listing Provided**
- **DCMC Home Page - <http://www.dcmc.hq.dla.mil>**



Charging Forward





So Now What?

Supplier Excellence Vs Parts Inspection

- **Test Ideas - Approved by Deputy -USD (A&T)**
 - **Reinvention Lab Status- Use Closed Loop Approach**
 - ▢ **Pick a Commodity/Industry Sector/Supplier**
 - ▢ **Third Party Quality System Approvals**
 - ▢ **Cross-Sharing of Supplier Performance Data**
 - ▢ **Cross-Sharing of QPLs, QMLs, etc**
 - ▢ **Contractor Qualification Program - Rely on Periodic Reviews**
- ▢ **Layout Overall Schedule**
 - ▢ **Establish Plans**
 - ▢ **Identify Experiment Sites**
 - ▢ **Establish Start and End Dates**
 - ▢ **Establish Metrics**
 - ▢ **Data Collection, Reporting and Analyses**
 - ▢ **Experiment Conclusions and Recommendations**



Recommendations

- ▮ **Close out Item review with a Final Report - May 31, 1999**
- ▮ **Continue MRM to Accomplish Experiments**
 - ▮ **Develop New Goals and Timelines**
- ▮ **No DRID**

